

Case 1:11-cv-01231-LMB-TRJ Document 82-2 Filed 04/12/12 Page 1 of 10 PageID# 2533

MAXIMUS, INC.,

Plaintiff,

V.

TWIN CITY FIRE INSURANCE CO.  
and AXIS REINSURANCE CO.,

Defendants.

No. 1:11cv1231 (LMB/TRJ)

## DECLARATION OF MICHAEL K. LOWMAN

I, Michael Lowman, hereby declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the following is true and correct:

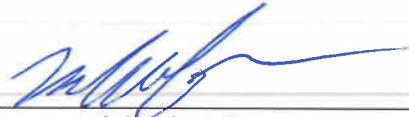
1. I am a partner at the Washington, DC office of Jenner & Block, LLP. I am a member of the Virginia Bar and of the bar of this Court. I represent Maximus in the above-captioned case.

2. Attached hereto as Exhibit A is a true and correct copy of a document that Maximus received in discovery from the Texas Department of Health and Human Services (“HHSC”) on March 7, 2012. Maximus produced this document to Axis as part of a production on March 14, 2012.

3. Attached hereto as Exhibit B is a true and correct copy of a document that Accenture produced to both Maximus and Axis on March 15, 2012.

I declare that the foregoing statements are true and correct.

April 11, 2012

A handwritten signature in blue ink, appearing to read 'Michael K. Lowman', is written over a horizontal line.

Michael K. Lowman

## LOWMAN EXHIBIT A

**CONFIDENTIAL DRAFT  
SETTLEMENT DOCUMENT**

AS OF: December 10, 2008

	Description	December 10, 2008
<b>ACCENTURE CONTRACT SERVICES RENDERED</b>		
Outstanding Invoices Received by HHSC		\$ 64,967,737
Unbilled Accenture Wind-Down Costs		\$ 979,784
Value for services unbilled by Accenture but HHSC received a substantial benefit from the services provided prior to unwinding of the contract		\$ 4,964,758
<b>TOTAL AMOUNT EARNED BY ACCENTURE:</b>		<b>\$ 70,912,279</b>
<b>STATE COSTS INCURRED</b>		
Additional Support to TAA by OES Staff		\$ 2,574,648
CHIP Premiums and Per Member Per Month Administrative Costs due to Accenture Errors		\$ 17,161,281
End State Costs		\$ 29,391,146
Additional Operational Costs incurred or to be incurred by HHSC		\$ 51,237,845
	CHIP Efficiency (Redundant work due to End State not being implemented 12/31/06)	\$ 15,026,173
	Maintain MAXe CHIP and CHIP Perinate until Sept. 2008	\$ 12,596,230
	Federal Funding match rate difference on TIERS Maintenance	\$ 932,868
	HHSC costs for Help Desk	\$ 233,493
Inefficiencies	Bar Coding, Predictive Dialer, Application Registration & Consolidated Inquiry Sheet	\$ 2,237,058
	Providing Support to Accenture / TAA	
	IV&V Additional Oversight costs	\$ 384,024
	State Escalation Staff costs	\$ 57,133
	MAINTAIN SAVERR TO NOVEMBER 2008	\$ 19,770,866
Additional Reductions		\$ 11,668,868
	Excess Idle Capacity Reduction related to Office Space (Excess capital asset deduction was taken as part of asset purchase agreement)	\$ 2,367,295
	Costs for DIR-paid telephony circuits	\$ 1,525,948
	TAA expenses incurred by HHSC related to CHIP Marketing	\$ 2,200,000
	TIERS Defects	\$ 259,450
	HHSC Turnover Costs - Offset of Accenture Turnover costs	\$ 5,316,175
<b>TOTAL STATE COSTS</b>		<b>\$ 112,033,788</b>
Difference Between State Costs and Accenture Earned Amount		<b>\$ 41,121,509</b>
<b>TOTAL AMOUNT RECEIVED FROM ACCENTURE</b> Net of Accenture Outstanding Invoices and Unbilled Earned Credits	90.07%	<b>\$ 30,000,000</b>

AS OF: August 5, 2008

**CONFIDENTIAL DRAFT SETTLEMENT DOCUMENT**

Invoice/Cost Category	Description	LF Proposed August 5, 2008
<b>ACCENTURE CONTRACT SERVICES RENDERED</b>		
<b>Outstanding Receivables</b>		\$ 64,967,737
	TIERS Fixed Fees	\$ 9,105,378
	Enrollment Broker Fixed Fees	
	CHIP Variable	\$ 8,607,376
	IE Variable	\$ 1,188,338
	CORs - Amended	\$ 17,540,723
	IE Fixed Fees	\$ 13,293,501
	Transition Payment	\$ 12,250,000
	Turnover Labor	\$ 2,964,861
	ATIS Help Desk and Capital Asset Credits (Depreciation for EB during March 15 - June 30 ; and IE during May 1 - June 30 when no fixed fees were payable by HHSC).	\$ 2,170,070
	Less Unpaid Depreciation on Outstanding Invoices Paid with Asset Purchase Agreement	\$ (2,152,510)
<b>To-Be Billed</b>		
<b>Transition Expenses and Variable Invoices</b>		\$ 979,784
(Including Invoice Reductions)	CHIP Variable (April)	\$ -
	COR 30 CHIP Perinatal Variable (Jan-April 07)	
	June Turnover Actuals - Labor	\$ 1,487,478
	Turnover Budget - Severance	\$ 863,836
	Pre-paid Property Tax reimbursement	\$ -
<b>INVOICE REDUCTIONS:</b>	Capital Funded via CORS but not purchased by TAA	

AS OF: August 5, 2008

## CONFIDENTIAL DRAFT SETTLEMENT DOCUMENT

Invoice/Cost Category	Description	LF Proposed August 5, 2008
	Reduction for Accrued Capital	
	Asset Reduction - deduction from Fixed and Variable invoices to represent excess depreciation paid/credited - due to TAA not purchasing 100% of funded HW/SW budget	
	Req Pro Requirements update reduction additional amount due from paid technology invoices	
	Design Time reduction - additional amount due from paid technology invoices	\$ (1,371,530)
	Reduction of fixed fees charged to date by amortized value of DIR-provided hardware	
Total Amount Available for Accenture Credit		\$ 65,947,521
Value for services unbilled by Accenture but HHSC received a substantial benefit from the services provided		\$ 4,964,758
TOTAL AMOUNT EARNED:		\$ 70,912,279
STATE COSTS INCURRED		
Additional Support to TAA		\$ (2,574,648)
	a. Tiger Team Deployment to call centers - team HHSC deployed to evaluate specific processes used to perform IE tasks and compare them to HHSC original plans and the BUCs	

AS OF: August 5, 2008

**CONFIDENTIAL DRAFT SETTLEMENT DOCUMENT**

Invoice/Cost Category	Description	LF Proposed August 5, 2008
	b. Office of Family Services trainers for curriculum development, review and training delivery - sent in to update policy adequacy of training and to conduct training when they determined qualifications and knowledge of trainers was inadequate	
	c. OFS Program Integrity Staff performing CHIP and other case reviews	
	d. Enterprise Information Technology staff developing TIERS scripts and testing scenarios - no details ever provided on specific scenarios they did.	
	e. OFS ARTS staff on "lend-lease" at call centers (travel only) - backup support, escalation of issues and improvement of quality performance of CCRs by onsite help	
CHIP Costs		\$ (17,161,281)
	a. Extended Benefits - Premiums	\$ 16,956,528
	b. Extended Benefits - Enrollment fees	\$ 204,753
End State Costs		\$ (23,512,917)
	Proposed implementation costs for end state capabilities from MAXIMUS proposal	\$ 23,512,917
Additional Operational Costs		\$ (53,510,740)
	CHIP Efficiency (Redundant work due to End State not being implemented 12/31/06)	\$ 15,026,173
	Maintain MAXe CHIP and CHIP Perinate until Sept. 2008	\$ 9,552,950

AS OF: August 5, 2008

**CONFIDENTIAL DRAFT SETTLEMENT DOCUMENT**

Invoice/Cost Category	Description	LF Proposed August 5, 2008
	Federal Funding match rate difference on TIERS Maintenance	\$ 932,868
	HHSC costs for Help Desk	\$ 233,493
	Inefficiencies - Predictive Dialer	\$ 807,038
	Inefficiencies - Bar Coding	\$ 196,800
	Inefficiencies - Application Registration	\$ 1,184,460
	Inefficiencies - Consolidated Inquiry Sheet	\$ 48,760
	Providing Support to Accenture / TAA	\$ -
	IV&V Additional costs	\$ 384,024
	State Escalation Staff	\$ 57,133
	MAINTAIN SAVERR TO NOVEMBER 2008	\$ 19,770,866
	HHSC Turnover Costs - Estimated Offset of Accenture costs	\$ 5,316,175
Additional Reductions from invoices presented by HHSC		\$ (4,152,693)
	Excess Idle Capacity Reduction related to Office Space	\$ 2,367,295
	Costs for DIR-paid telephony circuits	\$ 1,525,948
	TIERS Defects	\$ 259,450



AS OF: August 5, 2008

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Invoice/Cost Category	Description	LF Proposed August 5, 2008
	Marketing expenses included in TAA contract actually incurred by HHSC - agreed to by Accenture in rebalancing discussions	\$ -
TOTAL STATE COSTS		\$ (100,912,279)
TOTAL PAYMENT TO (AMOUNT RECEIVED FROM) ACCENTURE NET OF STATE COSTS		\$ (30,000,000)

**LOWMAN EXHIBIT B  
FILED UNDER SEAL**